NEWS IN BRIEF

Kroger shutters 23 Ohio stores

CLEVELAND — Kroger Co. closed all 23 of its northeastern Ohio stores, including four Barney Food & Drug Warehouse outlets ranging from 55,000 sq. ft. to 72,000 sq. ft., and two Kroger super stores with pharmacies. Kroger plans to sell the stores.

All of the stores' pharmacies, however, have remained open, said Jim McIntire, a company spokesman, to allow customers to continue to get their prescriptions filled.

McIntire said that stores had to be closed due to "unsatisfactory return on assets coupled with excessive demands by labor negotiators on a new contract."

The union representing Kroger workers denied that the stores were unprofitable.

Perry sells bonds

PONTIAC, Mich. — Perry Drug Stores Inc. has recently completed the sale of $50 million of convertible debenture bonds, priced at par to yield 8.5%. They are due on Sept. 15, 2010, and are convertible at a rate of $18.125 of debentures for each common share.

Proceeds from the sale will be used to reduce short-term debt, and for general, unnamed, purposes.

Stop & Shop suffers $1.2M loss 2nd qtr.

BOSTON — The Stop & Shop Companies, the food, drug and department store operator, reported a "very disappointing" second quarter. Based partly on "sluggish sales and heavy clearance markdowns" in its Bradlees department stores, Stop & Shop experienced a loss of $1.2 million in the quarter compared to last year's profit of $9.7 million. Sales for the 12 weeks ended Aug. 17 were up 9% to $776 million.

While the 65-store Medi Mart drug store chain was profitable, the company said, earnings were still below those of last year's second quarter.

For the 28 weeks, Stop & Shop's earnings fell to $5.7 million from $16.1 million, while sales rose to $1.75 billion from $1.58 billion.

Parker appointed Lucky div. pres.

DUBLIN, Calif. — Samuel J. Parker, former president of Sav-On Drug, will join Lucky Stores Sept. 30 as president of the company's automotive division.

Parker, 42, served as president of the California drug chain from 1981 through February 1985. He left Sav-On, a subsidiary of Jewel Companies, following Jewel's acquisition by American Stores.

Lucky automotive division operates 378 Kragen and Checker auto parts stores in 12 states in the West and Southwest.

Humiston-Keeling buys Response

CHICAGO — Humiston-Keeling, the Chicago-based drug wholesaler, has acquired Response Systems Inc., a provider of computer network services for wholesale drug companies.

Response, which is based in Elm Grove, Wis., serves eight warehouses with a full range of warehouse and customer programs.

Humiston-Keeling will add its own four warehouses to Response's network.

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Gray launches deep discount unit

CANTON, Ohio — Gray Drug Fair has taken the plunge into deep discounting, with its first unit scheduled for an early October opening.

The 20,000-sq.-ft. store (15,000 selling) is called Price King. It anchors one end of the Hillsdale Shopping Center, a 15-store strip center located in an affluent suburb of this industrial city of 95,000.

According to sources, Gray's management expects the store to do $6 million-$10 million in its first year.

Heading up Gray's effort is Joel Arnold, former senior vp of operations for the Cleveland-based Gray Drug Fair. Buying duties for the new venture have been given to Joe Cuccarase, formerly with Phar-Mor, a Columbus, Ohio-based deep discount chain.

Although Price King will be the only deep-discount store in its market area, it will be competing with some powerful traditional chain drug store competition.

At least 15 Peoples Drug Stores, two of them less than a mile away, and a discount/grocery store with a pharmacy department located at the far end of the same shopping center, will be competing with Price King to protect their established turfs.

Acme Click, a 100,000-sq.-ft. discount/grocery store with a pharmacy department is the shopping center's current drawing card.

According to one local chain pharmacist, Gray "had better hope that Price King does well with front end merchandise, because there are certainly enough independents and chains around for people to get their prescriptions."

The pharmacist approximated Click's pharmacy business at around 40 prescriptions a day, while he said his store did approximately 150.

Price King occupies what was once Carm's Food, a local food chain that left the center when its lease expired.

A source at J&D Properties, the center's developer, said the developer hopes that renovation of approximately 10 stores adjacent to the newly renovated Gray store will help spur sales.

Price King will serve a five-mile radius with an estimated population of 180,000. Average household income within a one-mile radius of the store is over $40,000.

FDA lifts Rx consumer ad ban

WASHINGTON — The Food and Drug Administration abruptly withdrew its two-year-old "moratorium" on direct-to-consumer advertising of prescription drugs—a move likely to encourage some brand-name pharmaceutical manufacturers and drug chains to resume earlier efforts to promote Rx medicines to the public.

But at the same time, federal drug regulators bowed to pressure from physicians, pharmacists, consumer activists and other critics of direct-to-consumer Rx ads by refusing to relax existing FDA rules requiring advertisers of prescription drugs to inform consumers about the "risks" as well as the benefits of their products.

The ad moratorium was imposed in 1983 by former FDA Commissioner Arthur Hull Hayes in response to predictions that pharmaceutical manufacturers are "on the brink of the exponential growth phase of the direct-to-the-consumer promotion of prescription products."

Although the advertising of Rx drugs to the public has never been prohibited by federal law, an informal "gentlemen's agreement" among pharmaceutical manufacturers coupled with FDA requirements for risk disclosures effectively short-circuited such direct-to-consumer promotions for years.

During the early 1980's, however, several manufacturers launched limited consumer Rx ad campaigns, others informed FDA officials of plans to follow suit, and drug chain ads for prescription herpes salves began appearing in daily newspapers.

Hayes—who initially characterized such consumer Rx advertising as a major new "opportunity" for the pharmaceutical industry but later adopted a neutral stand on the issue—called for the voluntary moritorium to allow time for research and "dialogue" on the subject of consumer Rx promotions.

Although the research conducted since then suggested that many consumers would be in favor of direct advertising of prescription products, the "dialogue" received by FDA from consumer organizations, pharmacy leaders, physicians and many drug manufacturers was sharply critical of such promotional activity.

In a terse announcement aborting the moratorium earlier this month, FDA Commissioner Frank Young said that "for the time being, current regulations governing prescription drug advertising provide sufficient safeguards to protect consumers."

"Current regulations governing prescription drug advertising provide sufficient safeguards to protect consumers."

Frank Young
FDA Commissioner

In effect, Young's decision means no change in the agency's previous policy of permitting Rx advertising to consumers, but requiring such ads to include "a brief summary of all necessary information related to side effects and contraindications."

In practical terms, Young's action means that print ads for Rx products in consumer publications will be expected to carry the same "medical journal" litany of warnings, cautionary statements, contraindications and side effect information that is required for prescription drug advertisements in professional and trade publications.

Although such disclosure requirements are likely to discourage many phramaceutical manufacturers and drug chains from promoting Rx products directly to the public, some consumer advertising of prescription medications is likely to resurface as a result of the moratorium withdrawal.

Med-Glaser revitalizes core mix to boost sales

ST. LOUIS — Medicare-Glaser, coming off a soft year in which earnings were down and sales were relatively flat, is in the midst of a major remerchandising campaign.

The $82 million a year company is adding more high-profit departments to its core mix in smaller neighborhood stores as well as relaying out those stores to maximize every available cube of space.

"We've added a row of lights to the stores to brighten them," says president Harlan Steinbaum, "and we're making the gondolas higher. We don't have the room to spread out, so we're using the air rights and going higher in the stores."

Fred Barney, Medicare's coo of full line drug stores, also says that the company is "only putting merchandise in the stores that people need."

Categories that are either being added or expanded include foot care, first aid, greeting cards, stationery, home office supplies, hair color, trial- and travel-size health & beauty aid products, light bulbs and nail care.

In the first neighborhood store which was redone in June, sales are up about 12%.

Medicare plans to do two more small stores this year, then where applicable will continue the program next year.

The company has approximately 48 smaller stores ranging in size from 800 to 4,000 sq. ft. The average smaller store is about 2,000 sq. ft. and, until recently, did 80% to 85% of its business in prescriptions.

FINANCIAL

Fay's reports lower 2nd quarter net income

LIVERPOOL, N.Y. — Competition combined with an aggressive expansion program to lower net income at Fay's Drug Company during the second quarter ended July 31.

The company reported that net earnings for the quarter declined to $417,000, or 3¢ a share, from $2.2 million, or 16¢ a share, in the comparable period last year.

Sales for the quarter increased 30% to $105.6 million from $87.4 million a year ago.

For the six months, net earnings were also down, to $1.1 million, or 8¢ a share, from $3.6 million, or 26¢ a share, last year.

Revenues for the first half were up 18.5% to $201.4 million from $170 million in 1984.

Henry A. Panasci Jr., chairman, said the profit falloff was the result of "a competitive retail environment resulting in a weakness in gross margins, additional expenses to support the 33 new retail stores and added financing costs associated with our aggressive expansion efforts."

Panasci said the company did not expect gross margins to rebound to "historical levels" in the third quarter, but was "confident that margins will improve for the important Christmas selling period."

A bright spot for the company was the "continuing strength" of its pharmacy departments, according to the chairman, who said prescription drug sales increased 38%.

Since the beginning of the year, Fay's has opened or acquired 10 drug stores—including eight from Genovese—two Paper Cutter Stores and four Wheels auto parts outlets. The chain now operates 132 drug stores, five Wheels stores and three Paper Cutter stores. Fifteen additional stores are planned for the second half of the fiscal year.

Drug Systems earnings up 31%

MILWAUKEE — Drug Systems, owner of the White Drug Enterprises chain and the Wil-Car H&BA stores, announced that net earnings rose 31% in the 16 weeks ended July 20 to $414,000, or 11¢ a share, from $315,000, or 8¢ a share last year.

Revenues for the period increased slightly to $31.6 million from $31.1 million.

Drug Systems recently purchased Pill & Puff, the Milwaukee-based chain of H&BA stores, but its results were not included in the first-quarter statement.

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 08/23/85 - 09/09/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin							Last Fiscal Year (Per Share)	
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Long Term Debt	Common Stock Equity
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings			
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	58.25	55.75	57.00	-.75	-1.30	67.50	35.38	-.30	-.22	2.21	17.20	5.71	1.86 Q	49.7	34.0	1.5	10.2	.64	1.1	06-17-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.50	15.50	15.50	.00	.00	17.63	15.00	-.12	-.04	.09	16.67	1.26	-.07 Q	-5.0	3.0	1.1	11.7	.72	4.6	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.63	13.75	14.38	.38	2.68	19.50	10.63	-.35	.41	3.66	16.27	.68	.12 S	20.3	15.0	3.0	20.2	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	5.50	4.75	4.75	-.75	-13.64	6.13	3.38	-.66	-1.34	-.99	56.60	.35	-.12 Q	-24.0	NC	1.2	12.5	.60	12.6	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	31.00	29.25	29.50	-1.13	-3.67	32.88	20.00	.72	-.66	5.99	11.10	2.27	-.03 N	-1.4	2.0	3.3	13.7	1.04	3.5	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.25	8.75	9.13	.13	1.39	13.00	8.75	-.16	-.10	-.28	2.92	.62	-.06 Q	-9.5	35.0	2.4	16.0	.20	2.2	06-24-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	11.75	9.75	9.88	-.25	-2.47	15.88	9.13	-.73	-3.01	4.91	-.87	1.03	-.13 Q	-12.7	37.0	1.9	11.1	.20	2.0	06-13-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	27.50	25.50	27.13	1.50	5.85	31.13	20.56	-.20	-.25	1.02	-14.86	1.88	.14 S	7.8	9.0	2.9	14.1	.72	2.7	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.50	4.50	-.50	-10.00	7.00	3.50	-.06	-.07	.43	-69.64	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Perry Drug	PDS	24.00	22.50	23.25	-.38	-1.59	24.25	16.13	.37	-.24	-2.18	9.10	1.26	-.23 N	-18.7	10.0	2.1	23.3	.28	1.2	08-16-85	370.3	7.6	1.5	2.40	10.60
Revco Drug	RDS	27.25	25.50	26.00	.25	.97	31.50	22.50	.22	-.23	2.25	-9.14	1.06	-1.48 F	-58.3	2.0	1.6	24.5	.80	3.1	08-19-85	2395.6	38.9	2.1	1.08	12.22
Rite Aid Corp	RAD	25.00	23.75	24.00	-.88	-3.52	33.50	22.00	-.26	-.77	3.50	.08	1.69	.08 Q	5.3	9.0	4.8	15.0	.50	2.1	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.25	18.50	19.13	.00	.00	22.88	17.50	-.30	.43	.47	11.68	1.40	.24 N	18.2	15.0	2.1	12.3	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	25.88	24.75	25.00	-.25	-.99	30.25	18.75	.09	-.38	-1.95	20.69	1.39	.20 N	15.0	20.0	3.1	16.3	.44	1.8	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.25	29.25	30.88	1.13	3.78	32.38	20.13	.08	-.01	.26	31.81	1.57	.35 N	22.6	17.0	1.2	16.3	.32	1.0	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	10.75	10.50	10.50	-.25	-2.33	15.00	9.25	-.12	-.03	-4.10	-30.69	.73	.16 S	25.8	23.0	.8	13.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	17.25	16.88	16.88	-.13	-.74	18.50	10.91	-.20	-.44	-1.44	14.38	1.01	.17 Q	18.9	NC	1.2	15.8	.08	.5	06-25-85	320.0	3.7	1.8	.92	5.91
Durr Fillauer	DUFM	13.63	12.88	13.38	-.25	-1.83	15.25	9.81	.05	.12	1.35	-19.27	.74	.13 S	19.1	15.0	1.7	16.5	.14	1.0	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	49.75	48.00	48.50	.50	1.04	50.00	37.00	.23	-.07	-3.31	32.27	3.60	-.07 Q	-1.9	-1.0	1.3	13.2	2.40	4.9	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.38	23.75	25.38	.75	3.05	29.75	21.00	-.08	1.05	1.75	.88	1.56	.16 Q	11.3	25.0	1.3	16.2	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	19.00	17.38	18.25	.25	1.39	23.88	14.00	-.11	.24	3.09	22.92	.58	-.19 F	-24.7	NC	.2	31.5	.00	.0	09-24-84	273.7	.6	1.4	8.18	7.81
Owens & Minor	OBOD	16.00	14.00	15.75	1.56	11.01	16.19	8.00	.14	-.20	1.78	-21.73	.95	.20 S	22.5	15.0	1.2	14.4	.28	1.8	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	58.75	56.13	57.38	.25	.44	60.00	36.75	.24	-.17	-1.46	-6.10	3.34	.49 S	15.8	17.0	13.0	16.0	1.40	2.4	07-09-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	58.75	57.88	58.38	.13	.21	66.88	46.75	-.11	-.08	-1.68	-12.74	4.39	.31 S	7.3	11.0	15.1	12.9	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.88	14.00	14.50	.13	.87	16.88	11.75	.02	-.39	.28	-18.14	.21	-1.22 S	-87.1	-23.0	1.6	80.6	.37	2.6	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	39.50	39.00	39.50	.50	1.28	40.50	26.22	.16	.24	-8.38	.00	3.48	.36 Q	11.1	11.0	10.5	11.0	1.00	2.5	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	17.50	13.25	13.75	.63	4.76	22.63	11.25	-1.38	-3.49	3.40	4.50	.61	.13 S	22.8	23.0	18.2	19.6	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	59.88	58.25	58.63	.13	.21	66.50	43.63	-.02	-.21	-3.56	2.75	3.45	.41 S	12.7	14.0	11.3	16.1	1.88	3.2	06-28-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	37.00	34.88	35.25	-.13	-.35	46.63	22.00	-.26	-1.02	-9.16	20.32	2.66	.38 Q	15.3	20.0	5.9	12.3	.60	1.7	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	26.00	24.25	25.00	.13	.50	32.50	12.13	-.20	.40	-1.91	3.09	.73	.22 Q	39.3	14.0	17.4	32.1	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	10.13	8.88	9.38	-.63	-6.25	12.25	8.25	-.18	-1.10	-1.33	-3.92	.00	-.09 S	-47.4	NC	1.6	93.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.50	10.88	11.00	-.63	-5.38	15.88	8.00	-.18	-.03	-2.80	.23	.61	-.04 S	-6.7	57.0	14.6	19.6	.20	1.8	06-10-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	87.38	85.50	86.50	.13	.14	90.38	54.88	.19	-.16	-2.94	-11.04	6.73	.48 S	7.4	9.0	15.8	12.3	3.20	3.7	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.25	5.63	6.13	.38	6.52	9.63	2.13	-.44	.84	-1.81	40.54	.13	.38 N	NE	NC	6.2	25.5	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	36.25	34.13	35.13	.00	.00	39.75	18.00	-.06	-.04	-1.55	-19.56	.94	.32 F	51.6	34.0	12.2	37.4	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	116.75	113.38	113.88	-3.13	-2.67	117.75	79.75	.13	-.08	.39	-4.94	6.71	.63 S	9.9	5.0	13.8	16.3	3.20	2.8	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.88	32.88	34.13	.63	1.87	38.00	25.25	-.15	-.33	-.73	-8.77	4.01	1.85 F	85.6	29.0	10.8	8.5	.64	1.9	08-26-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	19.75	17.13	17.63	.00	.00	26.00	10.38	-.52	-1.94	-.02	-8.67	.52	.28 Q	100.0	58.0	23.3	31.5	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	13.75	11.13	11.38	.25	2.25	13.75	3.50	.42	-3.37	4.81	-28.24	.05	.26 F	NE	NC	6.7	NM	.80	7.0	05-23-85	9.0	.6	3.2	.21	.96
Pfizer Inc	PFE	49.00	46.75	48.38	.63	1.31	53.75	33.88	.00	.45	-.68	9.60	3.08	.39 S	13.5	15.0	13.2	14.7	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	4.63	4.25	4.63	.00	.00	6.63	2.88	-.69	.20	-.94	-16.19	.13	.01 F	8.3	27.0	6.0	35.6	.04	.9	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	ORAH	8.50	7.88	7.88	-.38	-4.55	24.38	5.50	-1.44	-1.42	-1.11	-59.63	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	40.25	37.25	40.13	3.13	8.45	40.25	24.00	.48	1.25	7.36	59.00	2.08	-.03 S	-1.4	5.0	8.5	19.3	1.12	2.8	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.50	12.38	13.25	.63	4.95	13.50	8.63	.17	-.82	1.03	-35.38	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.4	09-11-85	167.4	-3.4	1.9	4.83	11.14
Searle, GD	SRL	65.00	64.50	64.50	-.38	-.58	65.50	46.50	.04	-.04	-12.53	4.92	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.6	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	69.00	66.75	66.75	-1.75	-2.55	72.88	45.00	-.09	-.53	-3.86	6.12	3.68	.39 S	11.2	18.0	10.5	17.3	1.76	2.6	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.88	30.13	31.50	1.25	4.13	34.25	25.25	.09	.71	.44	26.10	2.37	.14 S	6.1	4.0	7.8	12.9	1.20	3.8	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	63.38	59.13	63.00	3.63	6.11	65.63	45.00	.07	1.22	2.98	1.15	4.08	-.27 N	-6.2	15.0	14.7	15.3	1.92	3.0	05-13-85	916.5	134.6	2.1	5.36	18.81
Thompson Med	TM	15.50	15.38	15.38	.00	.00	22.75	13.25	.00	-.12	-1.85	-16.40	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	112.25	103.50	109.50	1.13	1.04	122.50	52.25	-.22	.67	1.22	17.25	5.67	-.61 S	-10.1	.0	8.0	20.2	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.75	37.38	39.13	1.38	3.64	46.50	30.50	.00	.14	-2.19	-1.16	2.81	.28 S	10.4	6.0	7.1	13.2	1.48	3.8	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	25.00	20.25	20.25	-1.38	-6.36	29.50	5.25	-.58	-3.61	3.44	5.24	.28	.44 S	244.4	85.0	7.7	32.7	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Footnotes:
NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

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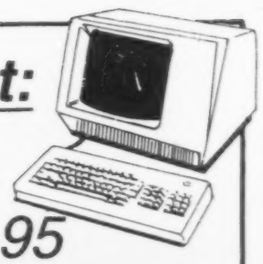
A. C. Nielsen
Industry report

Merchandiser:
Ethnic H&BA: $2.3B
and growing—p. 71

Special report:
Drug stores see
automated future—p. 95



DRUG STORE NEWS

Vol. 7/No. 22 **Serving chains, wholesalers and high-volume independents for 56 years.** Published by Lebhar-Friedman Inc. October 14, 1985

Rite Aid's new Drug Palace in Bronx offers discounts up to 50% off regular price.

Rite Aid unleashes deep discount attack

NEW YORK — Rite Aid is busy planting its deep-discount stores called Drug Palaces here, confirming the chain's commitment to go on the offensive with the format.

"We think there is an opportunity in that segment and we expect to get our share," Martin Grass, senior vp, told *Drug Store News*.

The Shiremanstown, Pa.-based chain opened its second Drug Palace here last month in the Bronx, and a third store will open in the area later this month. The first Drug Palace opened in Brooklyn about three months ago.

Rite Aid also plans to open at least three more Drug Palaces this fall in upstate New York. Two stores will open in Buffalo and at least one will be in Rochester.

"We're playing with two different formats" said Grass, referring to the size of the Drug Palaces. The stores in upstate New York will be about 20,000 sq. ft., while those in New

Continued on page 110

Gray appoints new chief as revival efforts grow

Mastrian heads new exec team

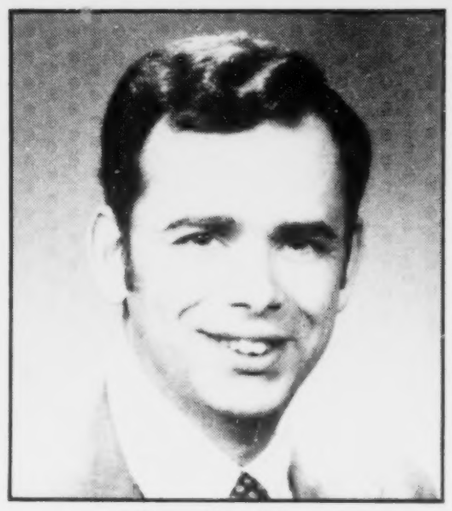
By Bruce Buckley

CLEVELAND — Without fanfare, Sherwin-Williams has named Jim Mastrian as president and general manager of its troubled Gray Drug Fair division.

Mastrian, who had been senior vp of marketing, takes over the 425-store drug chain at a time when some observers feel that the worst economic news may finally be over for Gray Drug Fair.

One analyst who follows the chain said he had "great confidence" that the foundation had been laid for a turnaround. "The drug stores are a very important segment for Sherwin-Williams," he said. "They can be a huge source of earning power if, in fact, they can turn things around."

The new president himself told *Drug Store News* that while "we've had problems, certainly we're optimistic. I think we have accomplished a significant amount in the year Carl's been here."



Jim Mastrian
'. . . certainly we're optimistic'

"Carl" is Carl Bellini, the Sherwin-Williams group vp who took over the presidency of the ailing drug chain in the wake of the resignation of Mac Allen Culver early this year. Culver quit to return to the West Coast and the presidency of Pay 'n Save's Northwest drug store division.

The analyst who follows Gray Drug Fair said the chain "had not been a well-run operation from the ground up," and Bellini's role was to act as "the chopper who got rid of some of the junk" in the form of employee problems, management problems and shrinkage problems.

"Now Mastrian can come in, emphasize the positive and improve morale," the analyst noted. "Any improvement is going to come slowly. Gray has gone from absolutely terrible to just terrible. But it's a big operation, and if they improve it slowly but surely, it can become a big source of earnings growth."

The company has not made a big thing out of the new appointment—no press release was even sent out—perhaps because of the history of executive turnover and unfulfilled expectations since the paint manufacturer and retailer took over the drug chain in 1981.

Since then there have been

Continued on page 110

Revco launches Rx safety testing

Program follows division probe

TWINSBURG, Ohio — In the wake of allegations stemming from federal investigations that drug diversion is jeopardizing the nation's drug supply, Revco D.S. is taking precautions to ensure the safety and efficacy of drugs purchased from secondary suppliers.

Sidney Dworkin, chairman of the nation's largest drug store chain, announced at the company's annual shareholders meeting here that "Revco will implement a testing program for any drug product that is offered to us by a secondary supplier. The objective of this program is to certify that all of our products are pure and safe according to the United States Pharmacopia (USP) standards.

"I believe we are the first major drug chain to take this action, and I personally will urge the other leading drug chains to take similar action."

At the end of Revco's most recent fiscal year ended June 1, the giant drug chain filled nearly 60 million prescriptions, a new record.

Under Revco's new program, random samples of each drug lot will be tested by an independent laboratory. "If the testing of any lot reveals a product that fails to meet USP standards, the entire shipment will be rejected—no exceptions—and we will notify the FDA," said Dworkin.

The issue of drug diversion has taken center stage over the last several months as two major probes into the practice, which is said to be widespread, have alleged, among other things, that adulterated

Continued on page 110

TE NEWS....LATE NEWS....LATE NEI

REVCO reported that net earnings for the 12-week first quarter decreased to $9.3 million from $15.3 million in the comparable period last year. Earnings per share were 27¢ vs. 42¢ a year ago. Sales increased 14.7% to $585.5 million from $510.6 million. The most recent quarter included the results from Carls Drug, which Revco acquired July 1.

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What experts said
at DrSN seminar:

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Peoples names coo for Fla.

BOCA RATON, Fla. — Peoples Drug Stores has named John C. Cain vp and chief operating officer of its 30-store Shoppers Drug Mart Division in Florida, according to Sheldon W. Fantle, Peoples chairman, president and ceo.

The appointment comes at a time when Peoples is gearing up for a major expansion of its Florida drug store division. Four stores are scheduled to open by the end of the fiscal year in March, and another eight to 10 the following year.

Cain, who has been with the chain since 1976, said the Sunshine State had been targeted for growth because of the tremendous population gains that are projected.

"The Census says that Florida is expected to add 6.5 million to seven million people by the end of the century," Cain told *Drug Store News*. "That will bring the state's population to about 17 million."

Continued on page 110

John C. Cain
'enhancing Fla. stores'

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NEWS IN BRIEF

Gloria takes toll at Genovese

MELVILLE, N.Y. — Almost half of the Genovese drug stores in Long Island, N.Y., lost power for at least one day as a result of Hurricane Gloria. Although the stores escaped extensive damage, the hurricane knocked out electrical power in about 16 units.

In some stores, the power outage lasted throughout the peak weekend sales days, said Don Gross, Genovese's vp of marketing and distribution. At presstime, four stores remained without power and Gross said he expected those units to be without electricity for up to one week.

Gross noted that sales were beginning to pick up in September and that the storm-related store closings represented a "temporary setback."

SDM appoints 2 senior execs

WILLOWDALE, Ontario — Shoppers Drug Mart, Canada's leading drug chain, named two senior executives to executive vp positions. Fred Van Laare has been appointed executive vp, operational services, and Louis Goelman, has been named executive vp, purchasing and distribution.

Van Laare, who joined Shoppers in 1971, has also been assistant director of advertising and operations coordinator, both posts in SDM's Western Region; vp of operations for Alberta-Saskatchewan, and executive vp of the chain's Florida division.

Goelman, who has had extensive experience in the food and drug industry, will be responsible for purchasing and distribution for more than 400 Shoppers Drug Mart/Pharmaprix retail pharmacies throughout Canada.

Alco agrees to buy Meyers

VALLEY FORGE, Pa. — Alco Health Services Corp., the nation's fourth largest drug wholesaler, has agreed in principle to acquire Meyers & Co. of Tiffin, Ohio, from Hillman Securities Inc., for 1.11 million shares of Alco Health Services common stock.

The acquisition is subject to final approval by the boards of both companies, the execution of a definitive agreement and appropriate regulatory filings.

Meyers is a distributor of pharmaceuticals, H&BA, medical and surgical supplies and home health products and has annual sales of more than $100 million. It will continue to operate from its existing location under the same management led by Robert W. Meyers, president.

The acquisition will put Alco over the billion-dollar mark in revenues.

Cardinal acquires Daly for $31.8M

DUBLIN, Ohio — Cardinal Distribution Inc. has signed an agreement in principle to acquire James W. Daly Inc., a $140 million drug wholesaler based in Peabody, Mass., for $31.8 million in cash and convertible debenture.

Under the agreement, Cardinal, a food and drug wholesaler with annualized sales of $400 million, will either purchase or lease Daly's new 250,000-sq.-ft. distribution center in Peabody, Mass.

The agreement calls for Daly to continue operating independently under the present management headed by ceo's Joseph L. Daly and William J. Daly.

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Vol. 7, No. 22 October 14, 1985

Industry scores in battle to stop Rx Medicaid cuts

WASHINGTON — Lawyers for the nation's drug stores, wholesale druggists and pharmacists scored a stunning first round knockout in their courtroom battle to block "disastrous" new Medicaid Rx reimbursement cuts scheduled to take effect this month.

Faced with the prospect of a federal court order barring implementation of the controversial plan, officials at the Health Care Financing Administration reversed course abruptly and announced that state Medicaid programs will not be barred from reimbursing pharmacies for drug products based on "average wholesale prices" on Oct. 1 after all. (See earlier story, page 85.)

In a statement filed with the federal district court in Washington, HCFA officials announced their decision to "rescind the Oct. 1, 1985, 'deadline' for states to make potentially needed changes in their reimbursement practices," and blamed lower level regional officials at the agency for giving state Medicaid administrators the "erroneous" impression that AWP payments to drug stores would be outlawed.

HCFA's surprise reversal surfaced late last month in response to a lawsuit filed by an unprecedented coalition of industry and professional groups including the National Association of Chain Drug Stores, the National Retail Druggists Association, the American Pharmaceutical Association, the National Association of Wholesale Druggists, the American Society of Hospital Pharmacists, the American Society of Consultant Pharmacists and the Pharmaceutical Manufacturers Association.

In asking the court to enjoin HCFA from altering the existing Medicaid Rx reimbursement formulas without first seeking public comment on those changes, attorneys for the broad-based industry coalition argued that the imminent cutbacks would cause "irreparable" injury to drug chains, independents, wholesalers and pharmacists.

Before the court could rule on that motion, however, HCFA fired off a "model letter" to each of the agency's regional offices which effectively withdrew the Oct. 1 deadline for withholding federal funds to states which continue to reimburse pharmacies based on full AWP.

The industry coalition responded promptly to the HFCA action by "declaring victory" and withdrawing their request for an injunction against reimbursement cuts.

But while it "appears that we won the federal battle, we may still have a fight on our hands at the state level," NACDS General Counsel

Continued on page 110

Associated/Affiliated fall show heavy on H&BA, cosmetics lines

NEW YORK — Buyers from about 85 chain drug companies, representing better than 7,000 drug stores, were set to gather in New York City to attend the combined Affiliated/Associated fall buying show.

This year's fall show, at the Omni Park Central Hotel, the second combined fall event for the two associations, featured 170 exhibitors, the largest number ever, and a full agenda of social gatherings, board meetings, educational sessions and buyer conferences.

According to Ira Shain, Associated's president, this year's fall show was once again heavily skewed toward H&BA and cosmetics. "But that accounts for only about 60% of the show. There's a lot of other interests also represented," Shain added.

The official buying show was scheduled for Oct. 7, 8 and 9, but related activities were scheduled to begin as early as Oct. 4 when Affiliated opened its own two-day showroom buyers' show. Affiliated buyers displayed more than 500 suggested lines of post-Christmas merchandise, including garden and patio, summer toys and spring and summer wearing apparel.

On Oct. 6, Affiliated had its traditional "What's Good With You" sessions on the schedule. In the morning, sessions included a look at a successful clip strip program, a presentation on upgrading summer furniture and an overview of the latest trends in H&BA and fragrances. A panel on video cassette rentals was set for the afternoon session.

During the morning session, members traditionally share their successful items and ideas of recent months with the rest of the membership. This year, about 200 ideas were to be presented.

Associated was set to kick off its program with a member's luncheon on Oct. 6, hosted by Del Labs. Following the luncheon and membership meeting, four major presentations were on tap: Ted Gladson

Continued on page 110

House approves polygraph ban despite drug chain protests

WASHINGTON — The House Employment Opportunities Committee ignored warnings from chain drug industry leaders and approved new legislation flatly prohibiting polygraph testing of employees.

The bill passed by the subcommittee would impose civil penalties of up to $10,000 on drug chains and other private employers who even "suggest" that an employee submit to a "lie detector" test.

The measure also allows the Labor Department to secure injunctions preventing individual firms from conducting polygraph "screens" of workers or job applicants, and enables employees (or labor unions) to file civil damage suits against employers who violate the act.

Although similar antipolygraph laws have already been enacted in a number of states, drug chain lobbyists are opposed to a nationwide ban against workplace lie detector testing because such exams are considered necessary to prevent "internal diversion" of controlled substances.

In testimony before the House subcommittee earlier this year, Rite Aid's Government Relations vp, James Krahulec, told Congress that "employees are stealing between 500,000 to one million dosage units of dangerous drugs each year from pharmacies" and chain warehouses, and that without the polygraph, drug stores would become even more "vulnerable to internal diversion."

During the subcommittee's "markup" of the bill late last month Krahulec's concerns were echoed by Rep. Robert Livingston (R-La.).

Noting that "up to a million doses of legal drugs vanish from pharmaceutical company inventories each year," Livingston maintained that the drug store industry needs lie detectors "to help protect its inventories and to ferret out internal theft rings."

Despite the setback at the subcommittee level, chain drug industry leaders told *Drug Store News* that they still hope to head off final passage of antipolygraph legislation this year.

"We plan to ask the full House Education and Labor Committee to adopt an amendment to the bill specifically exempting the drug industry from the polygraph ban," National Association of Chain Drug Stores vp Ty Kelley said.

If that maneuver fails, NACDS will continue the battle when the bill reaches the House floor for a vote, he added.

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FINANCIAL

Thrift reports flat earnings

PITTSBURGH — Thrift Drug, which operates close to 400 stores, recorded flat earnings for the second quarter ended July 27 and a slight profit increase for the first six months, according to J. C. Penney, the drug chain's parent company.

Overall, Penney's net income for the second quarter declined 40.4% to $30 million from $49 million in the same year-earlier period. Earnings per share fell to 40¢ from 66¢ a year ago.

Sales in the first quarter declined slightly to $3.01 billion from $3.06 billion a year ago.

For the first six months, net earnings were down 32.3% to $80 million, or $1.07 a share, from $118 million, or $1.58 a share, in the corresponding 1984 period.

Sales for the half rose slightly to $5.816 billion from $5.810 billion.

Penney said its gross margin declined in the second quarter and first half "as a result of lower sales and higher markdown and promotional activity." In addition, there was no LIFO credit in the quarter, as compared with an $8 million credit last year.

The company said it expected to "record an improving sales performance."

Cardinal dividend

DUBLIN, Ohio — Cardinal Distribution's board of directors announced a cash dividend of 2¢ per share payable on Nov. 1 to holders of record on Oct. 15.

Cardinal is a wholesale drug and food distributor to drug stores, supermarkets, convenience stores and hospitals.

Top five gainers

Company	2-week % change	Closing price 9/23
Rorer Group	+11.33	$43.00
ICN Pharm	+ 4.17	9.38
Thrifty Corp.	+31.31	19.50
Begley Co.	+ 3.23	16.00
Squibb Corp.	+ 2.02	69.38

Top five losers

Company	2-week % change	Closing price 9/23
Newport Pharm	-18.75	$ 9.75
Key Pharm	-15.73	9.38
Medicare-Glaser	-15.00	4.25
Durr Fillauer	-11.11	12.00
Ketchum	- 9.54	16.00

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		From 09/06/85 - 09/23/85							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. rate			Last Fiscal Year			Last Fiscal Year (Per Share)	
					Change		52-Week						Last Fiscal Year					Latest P/E Ratio			Last X-Dvd. Date			Current Ratio		
Name	Symbol	High	Low	Close	Amt	Pct	High	Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days		Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
Chain Store transactions																										
Am Stores	ASC	57.25	54.75	56.75	.63	1.11	67.50	35.38	-.18	-.05	5.25	-10.49	5.71	1.67 S	42.0	34.0	1.5	10.0	.64	1.1	09-16-85	12118.8	185.5	1.2	37.93	21.40
Begley Co	BGLY	16.00	15.50	16.00	.50	3.23	17.63	15.00	.11	-.10	-4.78	.00	1.26	-.07 Q	-5.0	3.0	1.1	12.1	.72	4.5	04-15-85	66.1	.7	1.7	13.77	18.84
Big B	BIGB	14.75	13.50	14.25	.00	.00	19.50	10.63	-.33	.85	-2.35	-22.19	.68	.12 S	20.3	15.0	3.0	20.1	.00	.0	09-21-83	148.1	4.4	2.3	1.20	4.58
Drug Sys	DRGS	4.75	4.63	4.63	-.13	-2.63	6.13	3.38	-.74	-.98	-7.66	-47.37	.35	-.12 Q	-24.0	NC	1.2	12.2	.60	13.0	05-09-85	104.7	1.3	3.0	1.28	5.84
Eckerd, Jack	ECK	29.63	26.50	27.50	-2.63	-8.71	32.88	20.00	.34	-.85	-1.88	-7.50	2.27	-.03 N	-1.4	2.0	3.3	12.8	1.04	3.8	09-09-85	2622.5	85.4	2.0	2.52	16.47
Fay's Drug	FAY	9.13	8.13	8.25	-.63	-7.04	13.00	8.13	-.18	-1.18	-2.01	1.34	.62	-.22 S	-33.3	33.0	2.4	18.8	.20	2.4	09-23-85	366.7	8.7	1.8	1.65	4.28
Genovese Drug	GDX	10.25	9.63	10.00	-.13	-1.23	15.88	9.13	-.48	.71	-.98	1.14	1.03	.07 S	6.8	40.0	1.9	9.1	.20	2.0	09-24-85	220.3	4.1	1.7	2.06	5.73
Longs Drg Strs	LDG	28.38	26.00	26.50	-.50	-1.85	31.13	20.56	.23	-.22	-3.70	-10.64	1.88	.14 S	7.8	9.0	2.9	13.7	.72	2.7	08-27-85	1375.8	40.1	2.1	.00	12.23
Medicare Glaser	MGCO	5.00	4.25	4.25	-.75	-15.00	7.00	3.50	.02	-4.02	.78	-15.15	.05	-.47 Q	-100.0	NC	.2	NE	.00	.0	00-00-00	81.7	.2	2.2	3.58	3.52
Revco Drug	RDS	26.13	25.25	25.25	-.63	-2.42	30.63	22.50	.19	-1.00	-2.17	-26.68	1.06	-1.48 F	-58.3	2.0	1.6	23.8	.80	3.2	08-19-85	2395.6	38.9	1.7	1.22	12.48
Rite Aid Corp	RAD	24.50	21.88	22.50	-1.88	-7.69	33.50	21.88	-.50	-.38	3.21	16.14	1.69	.08 Q	5.3	9.0	4.8	14.1	.50	2.2	07-12-85	1445.7	69.9	1.9	2.02	8.58
Thrifty Cp	TFD	19.50	18.75	19.50	.63	3.31	22.88	17.50	.08	.56	-4.67	4.60	1.40	.24 N	18.2	15.0	2.1	12.5	.60	3.1	05-06-85	1299.3	27.9	1.5	4.46	7.72
Walgreen Co	WAG	25.88	23.13	23.63	-2.00	-7.80	30.25	18.75	-.06	-.14	-.28	-10.25	1.39	.20 N	15.0	20.0	3.1	15.4	.44	1.9	08-12-85	2744.6	85.4	1.7	.87	6.76
Wholesaler's transactions																										
Bergen Bruns	BBCA	31.00	27.63	28.00	-2.88	-9.31	32.38	20.13	.07	-.88	-4.31	13.99	1.57	.35 N	22.6	17.0	1.2	14.7	.32	1.1	07-26-85	1703.4	19.7	1.6	1.08	11.11
Bindley Wstn	BIND	10.50	9.75	10.50	-.25	-2.33	15.00	9.25	-.17	1.20	-7.86	-9.22	.73	.16 S	25.8	23.0	.8	13.5	.00	.0	05-01-85	566.7	4.7	1.4	.08	5.46
Cardinal Distrb	CDIC	16.88	15.75	16.00	-.88	-5.19	18.50	10.91	-.17	-.87	1.36	-17.34	1.01	.17 Q	18.9	NC	1.2	15.0	.08	.5	06-25-85	320.0	3.7	1.7	.94	8.85
Durr Fillauer	DUFM	13.38	10.13	12.00	-1.50	-11.11	15.25	9.81	-.33	1.73	1.34	-48.77	.74	.13 S	19.1	15.0	1.7	14.8	.14	1.2	07-01-85	341.7	5.8	2.3	1.21	6.05
McKesson Cp	MCK	48.63	44.88	45.50	-3.00	-6.19	50.00	37.00	-.04	-.26	-1.63	-9.74	3.60	-.07 Q	-1.9	-1.0	1.3	12.4	2.40	5.3	08-27-85	4887.1	65.0	1.5	12.99	30.40
Foxmeyer Cp	FXM	25.50	24.38	24.38	-.63	-2.50	29.75	21.00	.09	-1.05	-1.32	-.33	1.56	.16 Q	11.3	25.0	1.3	15.5	.00	.0	00-00-00	717.1	9.0	2.8	17.31	16.51
Ketchum	KCH	17.81	15.41	16.00	-1.69	-9.54	22.97	13.47	-.24	.81	-3.04	4.12	.56	-.03 Q	-4.9	NC	.2	27.6	.00	.0	09-24-84	273.7	.6	1.4	7.87	7.52
Owens & Minor	OBOD	16.63	14.50	14.75	-1.00	-6.35	16.63	8.00	.52	-.35	3.13	-32.39	.95	.20 S	22.5	15.0	1.2	13.5	.28	1.9	09-10-85	306.7	3.6	3.0	5.35	8.54
Manufacturer's transactions																										
Abbott Labs	ABT	57.63	53.75	57.25	.75	1.33	60.00	36.75	.10	.80	-1.07	7.08	3.34	.49 S	15.8	17.0	13.0	15.9	1.40	2.4	10-08-85	3104.0	402.6	1.9	3.91	13.33
Am Home Prod	AHP	58.88	57.38	58.50	.38	.65	66.88	46.75	.05	-.31	-2.40	5.02	4.39	.31 S	7.3	11.0	15.1	12.9	2.90	5.0	05-07-85	4485.5	675.6	3.4	.26	13.74
Baxter Travenol	BAX	14.63	13.13	14.00	-.25	-1.75	16.88	11.75	.07	.13	-1.97	-10.83	.21	-1.22 S	-87.1	-23.0	1.6	77.8	.37	2.6	09-09-85	1800.4	29.0	1.6	1.46	7.83
Block Drugs Co	BLOCA	39.50	38.50	38.75	-.25	-.64	40.50	26.22	.12	-.30	-1.22	-71.05	3.48	.36 Q	11.1	11.0	10.5	10.8	1.00	2.6	08-27-85	247.8	25.9	2.4	3.28	22.47
Bolar Pharm	BLR	14.50	13.00	13.63	-.50	-3.54	22.63	11.25	-.61	-.05	-6.55	18.88	.61	.13 S	22.8	23.0	18.2	19.5	.03	.2	08-06-85	29.1	5.3	7.5	.00	3.70
Bristol-Myers	BMY	59.13	56.00	57.75	-1.38	-2.33	66.50	43.63	-.03	-.17	-.12	-.36	3.45	.41 S	12.7	14.0	11.3	15.8	1.88	3.3	09-30-85	4189.4	472.4	2.5	.75	15.63
Carter-Wallace	CAR	36.00	32.38	33.63	-1.38	-3.93	46.63	22.00	.07	-.20	-4.19	-19.60	2.66	.38 Q	15.3	20.0	5.9	11.7	.60	1.8	07-26-85	348.8	20.7	2.2	1.53	23.37
Forest Labs	FRX	25.38	21.13	24.63	-.63	-2.48	32.50	12.13	-.37	2.66	.40	11.49	.73	.22 Q	39.3	14.0	17.4	31.6	.00	.0	01-14-83	24.1	4.2	4.5	.22	5.90
ICN Pharm	ICN	9.75	8.63	9.38	.38	4.17	12.25	8.25	.03	.00	-3.55	-10.08	.00	-.09 S	-47.4	NC	1.6	93.8	.00	.0	00-00-00	44.8	.7	3.0	2.43	4.50
Key Pharm	KPH	11.13	9.38	9.38	-1.75	-15.73	13.75	8.00	-.32	-2.57	1.28	46.43	.61	-.04 S	-6.7	57.0	14.6	16.7	.20	2.1	09-09-85	151.1	22.1	3.4	2.52	1.60
Lilly Eli Co	LLY	88.00	83.00	87.25	.50	.58	90.38	56.38	.10	.47	-6.37	4.40	6.73	.48 S	7.4	9.0	15.8	12.4	3.20	3.7	08-09-85	3109.2	490.2	1.7	1.63	31.04
Lee Pharm	LPH	6.38	5.88	6.00	.13	2.13	9.63	2.13	.19	-1.26	.82	-20.36	.13	.38 N	NE	NC	6.2	25.0	.00	.0	00-00-00	8.1	.5	3.0	.20	1.73
Marion Labs	MKC	35.50	31.25	34.38	-.63	-1.79	39.75	18.00	.00	1.59	.39	-30.20	.94	.32 F	51.6	34.0	12.2	36.6	.28	.8	09-16-85	295.7	36.2	2.4	.02	3.52
Merck & Co	MRK	114.00	103.50	109.25	-4.25	-3.74	117.75	79.75	-.07	-.69	3.68	-22.86	6.71	.63 S	9.9	5.0	13.8	15.6	3.20	2.9	08-30-85	3559.7	493.0	2.0	2.48	35.29
Morton Thiokol	MTI	34.13	30.00	32.75	-.88	-2.60	38.00	25.25	-.11	1.03	3.05	-37.14	4.01	1.85 F	85.6	29.0	10.8	8.2	.64	2.0	08-26-85	1832.3	197.9	1.5	2.94	12.50
Mylan Labs	MYLN	17.63	15.75	16.38	-1.25	-7.09	26.00	11.38	-.24	-.13	-3.94	12.93	.52	.28 Q	100.0	58.0	23.3	29.2	.05	.3	02-19-85	53.6	12.5	5.9	.09	1.22
Newport Pharm	NWPH	11.38	9.25	9.75	-2.25	-18.75	13.75	4.50	-.28	-.90	1.97	-9.57	.05	.15 Q	NE	NC	6.7	NE	.80	8.2	05-23-85	9.0	.6	3.2	.21	.96
Pfizer Inc	PFE	49.00	44.00	47.25	-1.25	-2.58	53.75	33.88	-.15	.86	1.85	24.07	3.08	.39 S	13.5	15.0	13.2	14.4	1.48	3.1	07-26-85	3854.5	507.9	2.3	2.10	15.45
Reid Prov Labs	REID	4.63	4.13	4.38	-.25	-5.41	6.63	2.88	-.14	.00	-3.53	-57.50	.13	.01 F	8.3	27.0	6.0	33.7	.04	.9	12-10-84	16.6	1.0	3.1	.02	.92
Robins, AH	QRAH	8.00	6.63	7.63	-.38	-4.69	24.38	5.50	-1.48	.75	-3.46	-7.33	-18.44	-20.13 S	-100.0	NC	-73.0	NE	.00	.0	11-19-84	631.9	-461.6	1.7	.47	-5.23
Rorer Group	ROR	43.25	38.25	43.00	4.38	11.33	43.25	24.00	.97	.35	3.94	-13.94	2.08	-.03 S	-1.4	5.0	8.5	20.7	1.12	2.6	08-05-85	522.1	44.3	1.9	2.18	11.07
Scherer RP Co	SCHC	13.25	12.38	12.50	-.38	-2.91	13.50	8.63	.16	-1.30	-.07	50.57	-.43	-.96 Q	-100.0	NC	-2.0	NE	.32	2.6	09-11-85	167.4	-3.4	1.7	4.07	9.72
Searle, GD	SRL	64.88	64.25	64.63	-.13	-.19	65.50	46.50	.10	-.38	-9.65	-23.08	3.24	.09 S	2.6	13.0	13.0	17.9	1.00	1.5	08-02-85	1245.8	161.6	2.1	3.46	17.37
Squibb Corp	SQB	69.88	65.13	69.38	1.38	2.02	72.88	45.00	.00	.77	2.17	4.87	3.68	.39 S	11.2	18.0	10.5	18.0	1.76	2.5	08-12-85	1886.0	197.2	2.3	3.74	24.87
Sterling Drug	STY	31.88	30.50	31.50	.13	.40	34.25	25.75	.29	-.11	-1.69	-25.79	2.37	.14 S	6.1	4.0	7.8	12.9	1.20	3.8	08-08-85	1827.3	143.4	2.6	1.32	15.34
Syntex Corp	SYN	64.25	61.13	64.13	1.13	1.79	65.63	45.00	.41	.69	1.44	27.44	4.65	.57 F	14.0	16.0	15.8	13.8	1.92	3.0	05-13-85	948.5	150.0	2.1	5.36	18.81
Thompson Med	TM	15.50	15.38	15.38	.00	.00	19.13	13.25	.11	-.39	1.28	3.14	2.20	-.67 S	-30.7	22.0	10.8	10.2	.40	2.6	06-25-85	197.2	21.2	4.3	.00	7.09
Upjohn Co	UPJ	111.50	100.75	109.13	.38	.34	122.50	52.25	-.10	1.34	.00	-6.09	5.67	-.61 S	-10.1	.0	8.0	20.2	2.56	2.3	04-01-85	2179.1	173.3	1.7	12.47	37.00
Warner-Lambrt	WLA	39.50	37.25	38.50	-.63	-1.60	46.50	30.50	.14	-.62	-.95	-1.08	2.81	.28 S	10.4	6.0	7.1	13.0	1.48	3.8	08-05-85	3166.7	223.9	1.7	6.47	18.18
Zenith Labs	ZENI	20.25	17.50	20.00	-.25	-1.23	29.50	5.25	-.72	1.27	-1.25	-12.02	.28	.44 S	244.4	85.0	7.7	32.3	.00	.0	06-19-85	37.5	2.9	2.6	.27	1.99

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

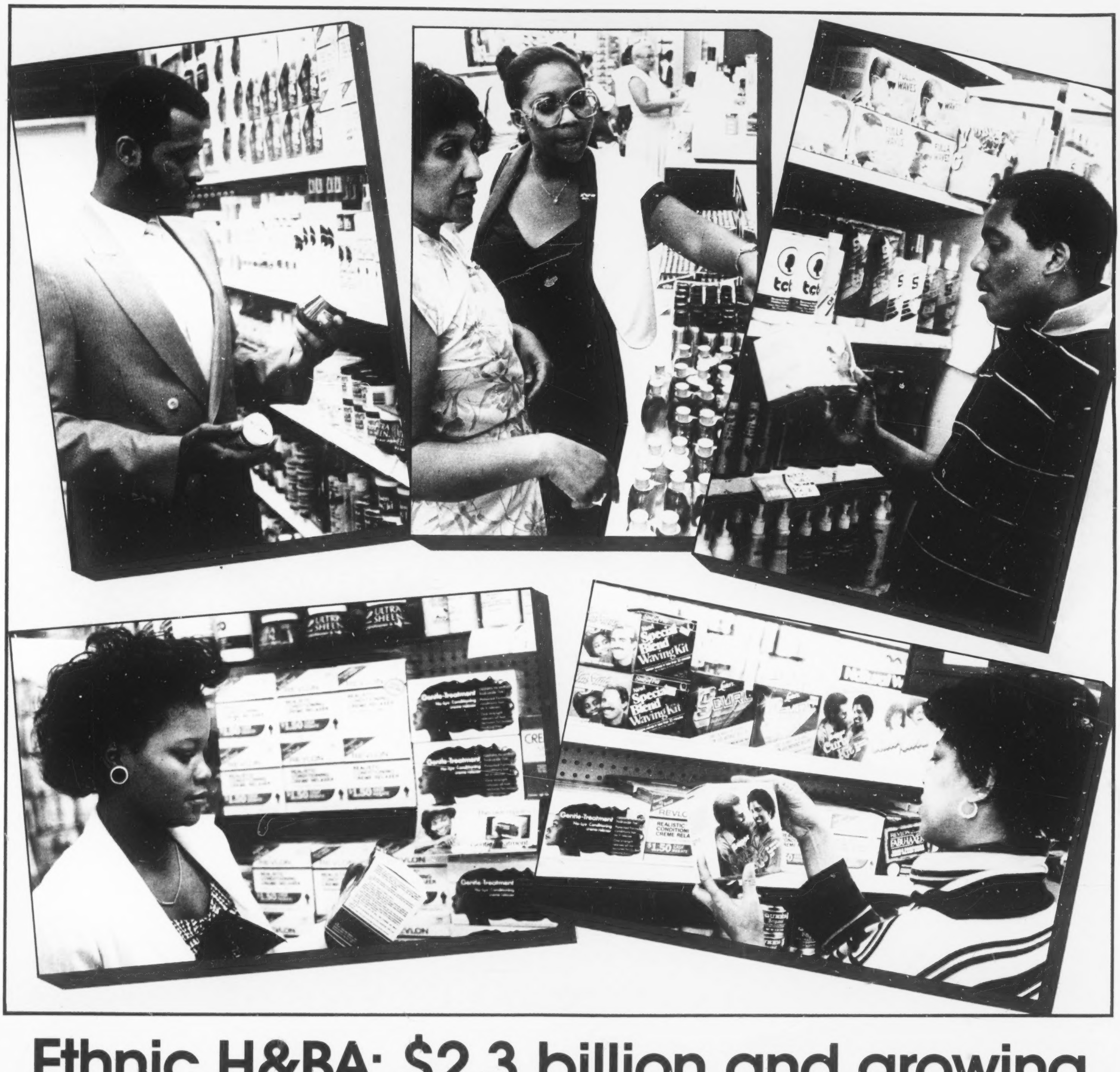
Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year

Data and Table Prepared by Media General Financial Services, Inc., Richmond, Virginia 23219

Special report:
Ethnic products

MERCHANDISER



Ethnic H&BA: $2.3 billion and growing

As the profitable ethnic health & beauty aids market continues to expand, more retailers, wholesalers and manufacturers are tapping into the category.

Everyone is hoping to grab a piece of a $2.3 billion market that is projected to skyrocket to $5.6 billion by 1993. In the next decade, according to Business Trends Analysts, ethnic H&BA will generate nearly 24% of the total dollars spent on all toiletry and cosmetic items.

And on a profit per unit basis, black hair preps, the traditional backbone of the category, outpace any other H&BA item. According to A. C. Nielsen, the dollar profit per year on a unit of black hair preps—based on a 40% margin, an inventory turn of six and an average retail of $3.85—is $9.26. In contrast, the average general market shampoo yields only $4.78. In other words, black hair preps are profitable.

Amid such profitability, the category has continued to grow. Among the major developments:

- The $50 million ethnic hair color market is set to explode with the introduction of new products, including semipermanent colors, from a number of major manufacturers.
- The black men's market is pegged for expansion as manufacturers target this fashion-conscious consumer group.
- McKesson is rolling out its first coordinated national program for ethnic products in 40 distribution centers. In mid-1986, the giant wholesaler will supplement its current planograms of ethnic hair and skin care products with 4-ft. to 8-ft. sections of cosmetics, hair accessories, and hosiery targeted for the ethnic market.
- The American Health and Beauty Aids Institute, a Chicago-based consortium of 20 manufacturers of ethnic H&BA products, will conduct the first buyers school for the category. At the two-and-a-half day seminar, buyers will receive an operations manual, directory of products and their use and other educational information. The AHBAI is also developing a set of planograms for the category based on quantitative data from leading research organizations.
- Perry is expanding and adding ethnic sections in stores where there is a lot of black traffic. The Pontiac, Mich.-based chain now has ethnic sections in over 60 stores ranging from 4 ft. to 36 ft.
- Fay's is tracking the category's movement on a computerized system in those stores with ethnic sections.
- Hook's and SupeRx have both created their own ethnic planograms. Hook's is warehousing over 80% of its ethnic product mix.

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